

February 21, 2022

To: All Concerned Parties

Company Name: Solasia Pharma K.K.  
Representative: Yoshihiro Arai, President & CEO  
(Code number: 4597, TSE Mothers Section)  
Contact: Toshio Miyashita, CFO, Director  
Tel: 81-3-5843-8049

Announcement of the matters to be resolved  
at the Ordinary General Meeting of Shareholders (March 24, 2022.)

Solasia Pharma K.K. (hereinafter “the Company”) hereby announces that its Board of Directors’ meeting today, has resolved to reduce the Company’s legal capital surplus, submit a proposal to reduce the amount of its capital stock to the 14th General Meeting of Shareholders of the Company which will be held on March 24, 2022 (hereinafter “the General Meeting”), and subject to such a reduction becoming effective, make an appropriation of surplus as follows. In addition, the Company has resolved to submit partial amendment to the Articles of Incorporation and a proposal of the election of the Directors to the General Meeting as follows.

The reduction in amounts of its capital stock and legal capital surplus, and an appropriation of surplus will not affect the total number of issued shares and will not affect the number of shares owned by shareholders. In addition, these represent an accounting transfer within the net assets category and will not cause changes to net assets.

1. Reduction in amounts of capital stock and legal capital surplus and appropriation of surplus (deficit disposition of retained earnings brought forward)

(1) Purpose

The Company is both a specialty pharma company, specializing in the development and commercialization of products in oncology area, and a type of biotechnology venture company. Clinical trials and other evaluations associated with research and development for pharmaceutical and other related products require a large amount of upfront investment. They also tend to be conducted over medium to long periods of time, requiring equivalent periods for the securing of revenue and the collection of investment capital. As a result of investments made thus far, the Company has successfully developed and brought to market two pipeline products SP-01 and SP-03. Further, with the scheduled launch of SP-02 in 2022, the Company understands that it is very close to starting to recover investments. However, because the Company has multiple pipeline products in the final stage of development that requires the most amount of funds in the process of pharmaceutical R&D, overall business is still in the investment phase. As of December 31, 2021, the Company reported a retained loss brought forward of 7,529 million yen in Non-consolidated financial condition due to such upfront investment.

With the aforementioned success of the development products and product launches, the Company resolved to implement the reduction in amounts of capital stock and legal capital surplus and appropriation of surplus (deficit disposition of retained earnings brought forward) in order to return financial conditions to a state in which shareholder return policies in the future, such as the distribution of surplus funds as dividends and share buybacks, are possible; and aim for increased flexibility and maneuverability in its capital policy.

# Solasia

In addition, if the share acquisition rights issued by the Company are exercised by the effective date, the amount of capital stock and the amount of legal capital surplus after the effective date may fluctuate.

## (2) Outline of reduction in capital stock

The Company will reduce a portion of its capital stock 2,110,416,906 yen (as of December 31, 2021), and post it to other capital surplus.

Amounts by which capital stock will be reduced:

Capital stock	2,010,416,906 yen
Remaining capital stock	100,000,000 yen

## (3) Outline of reduction in legal capital surplus

The Company will reduce a portion of legal capital surplus 5,519,053,413 yen (as of December 31, 2021), and post it to other capital surplus.

Amounts by which legal capital surplus will be reduced:

Legal capital surplus	5,929,867,233 yen
Remaining legal capital surplus	410,813,820 yen

## (4) Outline of appropriation of surplus (deficit disposition of retained earnings brought forward)

The Company will reduce all amount of other capital surplus (as increased by both (2) and (3) above) and post it to Retained earnings brought forward in accordance with stipulations contained in Article 452 of the Companies Act.

### (i) Item of surplus to be reduced and amount by which it will be reduced:

Other capital surplus	7,529,470,319 yen
-----------------------	-------------------

### (ii) Item of surplus to be increased and amount by which it will be increased:

Retained earnings brought forward	7,529,470,319 yen
-----------------------------------	-------------------

When (2) through (4) above become effective, the amounts will be as follows,

(All amounts are in yen)

	Amount as of end of December, 2021	Amount of decrease/increase	Amount after becoming effective (planned)
Capital stock	2,110,416,906	(2,010,416,906)	100,000,000
Legal capital surplus	5,929,867,233	(5,519,053,413)	410,813,820
Retained earnings brought forward	(7,529,470,319)	7,529,470,319	0
Treasury stock	(70,874,650)	—	(70,874,650)
Stock acquisition rights	3,404,800	—	3,404,800

\*The above table does not include transactions in fiscal year 2022 other than those mentioned in this notice

# Solasia

## (5) Schedule

- (i) Date of resolution by Board of Directors: February 21, 2022
- (ii) Date of resolution at General Meeting of Shareholders (for reduction in capital stock): March 24, 2022 (planned)
- (iii) Notice to creditors on submission of objections : April 8, 2022 (planned)
- (iv) End of creditors on submission of objections: May 9, 2022 (planned)
- (v) Effective date: May 10, 2022 (planned)

## (6) Outlook

These represent an accounting transfer within the net assets category and will not cause changes to net assets or not affect the total number of issued shares and have only minor impact on the business results of the Company. Furthermore, the Company will not change the consolidated earnings forecast for the fiscal year ending December 31, 2022 announced on February 9, 2022.

## 2. Partial amendments to the Articles of Incorporation

### (1) Purpose for amendments to the Articles of Incorporation

The amended provisions of the proviso to Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) will take effect on September 1, 2021. Accordingly, to prepare for the implementation of measures for providing reference materials, etc. for the General Meeting of Shareholders in an electronic format, the Company proposes to make the following amendments to the Articles of Incorporation.

- (i) Article 15, Paragraph 1 in the proposed amendments stipulates that the Company shall take measures to provide the contents of reference materials, etc. for the General Meeting of Shareholders in an electronic format.
- (ii) Article 15, Paragraph 2 in the proposed amendments is a provision for limiting the scope of matters to be included in the written document issued to shareholders who request the issue of such a document.
- (iii) Current Article 15 (Deemed provision of disclosure via the Internet of reference materials, etc. for the General Meeting of Shareholders) will be deleted as it will no longer be necessary.
- (iv) As a result of the abovementioned new provisions and deletions, supplementary provisions regarding the effective date, etc., of the partial amendments will be provided.

# Solasia

## (2) Details of the amendments

The details of the amendments are as follows.

(Portions to be amended are underlined)

Current Article	Proposed Amended Article
<p><u>Article 15 (Deemed provision of disclosure via the Internet of reference materials, etc. for the General Meeting of Shareholders)</u>  <u>When convening a General Meeting of Shareholders, the Company may be deemed to have provided shareholders with information that should be disclosed or included in reference materials for the General Meeting of shareholders, business reports, and non-consolidated and consolidated financial statements, if the Company has disclosed such information via the Internet in accordance with the ministerial ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p><u>(Deleted)</u></p> <p><u>Article 15 (Electronic provision measures, etc.)</u>            1. <u>When convening a General Meeting of Shareholders, the Company shall take measures to provide the contents of the reference materials, etc. for the Meeting in an electronic format.</u>            2. <u>Of the contents provided in an electronic format, the Company may exclude all or part of matters prescribed by the ministerial ordinance of the Ministry of Justice from the written document to be issued to shareholders who have requested the issue of such a document by the record date for voting rights.</u></p> <p><u>(Supplementary provisions)</u>            1. <u>The deletion of the current Article 15 of the Articles of Incorporation (Deemed provision of disclosure via the Internet of reference materials, etc. for the General Meeting of Shareholders) and the establishment of Article 15 (Electronic provision measures, etc. ) in the proposed amendments will take effect from September 1,2022, the date of enactment (“Enactment Date”) of the amended provisions of the proviso to Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019).</u>            2. <u>Notwithstanding the preceding paragraph, the current Article 15 of the Articles of Incorporation shall remain in effect for the General Meeting of Shareholders held within six months from the Enactment Date.</u></p>

# Solasia

	3. <u>The supplementary provisions shall be deleted on the later of 1) the date six months after the Enactment Date or 2) three months after the General Meeting of Shareholders referred to in the preceding paragraph.</u>
--	--

### 3. Election of Five (5) Directors

The terms of office of all five (5) incumbent Board Directors of the Company will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of five (5) Board Directors as reappointment of all Directors.

The candidates for Board Director are as follows:

No.	Name	Current position and responsibility in the Company
1	Yoshihiro Arai (Reelection)	President and Chief Executive Officer, Board Director
2	Toshio Miyashita (Reelection)	CFO and Head of Administration Division, Board Director
3	Stanley Lau (Reelection/Outside/Independent)	Board Director
4	Norikazu Eiki (Reelection/Outside/Independent)	Board Director
5	Jiro Mizukawa (Reelection/Outside/Independent)	Board Director

#### Disclaimer:

The forward-looking statements, including earnings forecasts, contained in this press release are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Such statements should not be construed as representing commitments on the part of the Company. Please be aware that actual performance may differ for a variety of reasons. Major factors affecting the Company's actual performance include the economic conditions in which it operates, exchange rate fluctuations, the competitive situation and other factors. Information contained in this press release with regard to pharmaceuticals and medical devices (including products under development) is not provided for the purposes of advertising or medical advice.